

This is an historic moment. For 30 years, under both Democratic and Republican leadership, we've been saddled with a broken welfare system. Now we've got a real chance to reach common ground and higher ground. The Senators owe it to the people who sent them to Washington not to let this opportunity slip away by doing the wrong thing or by failing to act at all. The American people have waited long enough.

Next week, let's end the old system that fosters dependence, and let's give the American people a new one based on independence, work, responsibility, and family.

Thanks for listening.

NOTE: The President spoke at 10:06 a.m. from the Oval Office at the White House.

Statement on the Death of Jamie Whitten *September 9, 1995*

It is with deep regret that I learned today of the death of former Congressman and Chairman of the House Appropriations Committee Jamie Whitten. Congressman Whitten served Mississippi and our country in Congress for 53 years, longer than any other person in the history of this Republic. He was literally an institution himself within one of the most important of our democratic institutions.

Throughout his long service and especially as chairman of the House Appropriations Committee from the 96th Congress through the

100th Congress, Congressman Whitten dedicated himself to the concerns of the hard-working people of this country. He worked tirelessly on behalf of America's farmers, especially our family farmers, and he never gave up working to build more opportunity for all Americans willing to make the most of their own lives.

The people of the United States and of Mississippi will miss Jamie Whitten. Hillary and I send our sympathies to his family and loved ones.

Roundtable Discussion With Students on Student Loans at Southern Illinois University in Carbondale, Illinois *September 11, 1995*

The President. Is everybody in? For the members of the press corps that came in with me, as you know, I have been doing these roundtable discussions with students and faculty members and others in colleges around the country. And this is the kickoff of a back-to-school week we're doing this year to emphasize the choices that have to be made in Washington in the next 60 days that will affect education. And so I came here to Southern Illinois University.

One of the big issues is what's going to happen to the student loan program and, particularly, the direct loan program which our administration started. So I thought that we should start by having Pam Britton, who is in charge of financial aid here at SIU, talk a little bit

about how it works—the direct loan program—and what you're doing here.

So, Pam, why don't you lead it off.

[At this point, Ms. Britton welcomed the President and asked the participating students to introduce themselves. Following the introductions, Ms. Britton explained the importance of the student loan program at Southern Illinois University.]

The President. Thank you. Let me explain—how many of you come from schools that have the direct loan program? You know the old guaranteed student loan program basically gave banks a 90 percent guarantee if they made a student loan to a student and the student didn't

repay. And they got a handsome commission and fee on it. Under the direct loan program, the Government makes the loan directly through a Government institution like a lot of the other Government mortgage institutions. And what we found is that, number one, as Pam said, the loans are going out much faster, much, much faster. There is less paperwork for the college administrators, less paperwork for the students. If the students get the loans on time, then they don't have to go borrow money, what you talked about, short-term loans.

In addition to that, believe it or not, they are less expensive because the fee doesn't get paid. So the Government actually spends less money on them. And best of all, for students that have to borrow a lot of money, unlike the old guaranteed student loan program, there are four different repayment options, including an option to pay the money back as a percentage of your income, so that, for example, if you decide to take a job that you find very rewarding but doesn't pay very much money and you have a big loan, you still can't ever go broke doing it. There's no incentive ever to drop out of school because you can pay the money back as a percentage of your income.

This was a major part of my administration's economic proposal in 1993, and we got it through. And ever since then it's been under assault by the bankers who made the money under the old loan program. It is true that they're worse off. I mean, they lost a lot of business. But the students are better off, the administrators are better off, the Federal Treasury's better off, and the country's better off because now we're going to have more people borrowing money and going to school. But the bankers aren't better off, and they've persuaded the House of Representatives to get rid of the program, go back to the old system. And now it's under assault in the Senate; they'll be voting this week.

So one of the reasons I wanted to come here is to try to galvanize people like you all across the country to ask our Congress to stand up to the special interests that, you know, want their money back and to keep this program, which is working better for you.

I mean, ultimately, the purpose of the loan program is to educate more young people, to make loans—and not-so-young people going back to college, because a lot of people my

age are now going back, and they can't do it without student aid.

So I want to hear all of your stories, but Pam told me she had sort of a testimonial—the experience that SIU has had with the direct loan program, and I must say, I hear that everywhere.

I met a young couple in Florida the other day who were both graduated from medical school with \$140,000 in student loans between them, and they told us that if it weren't for the direct loan program, which permits them to repay as a percentage of their income—because, see, they're all going to become interns; they won't make a lot of money when they get right out of medical school. They said they would be spending over half of their monthly income repaying their loans. They wouldn't have enough money, literally, to pay for food and rent but for the direct loan program.

So, Pam, why don't you take over now. Let's go around and listen to the other students.

Ms. Britton. Okay. One of our student participants would like to begin by speaking to direct loan issues at her institution. Noemi?

Noemi Rivera-Morales. Mr. President, Ms. Britton, fellow students, good morning. *Buenos dias.*

The President. *Buenos dias.*

[*Ms. Rivera-Morales recounted her past difficulties in receiving her loan disbursement under the Pell grant program, but stated that this year she had received her loan within a week of applying to the direct loan program.*]

The President. So it was one week?

Ms. Rivera-Morales. One week. With a holiday in between.

The President. With a holiday in between. So much for Government inefficiency.

[*Ms. Rivera-Morales explained that the efficiency of the direct loan program had increased the amount of money given yearly to students at the university from \$16 million to \$28 million.*]

The President. From 16 to 28?

[*Ms. Rivera-Morales stated that she was fearful that future cuts in spending would prevent some people from attending college.*]

The President. So am I. That's why I'm here.

Ms. Britton. We are concerned about direct loans, but we're also concerned about the Pell grant program here at SIU as well as other

undergraduate grants. And Duane would like to speak to that.

[Duane Sherman explained that without the help of Federal grant programs he and many other students would not be able to attend college. He also stated that the education students receive enables them to become productive, tax-paying citizens who are able to compete in a global society].

The President. I agree with that. You know, I think most taxpayers resent it if they think their money is going to people who don't need it, people who get tax breaks who are very well off or people who won't work, who won't try to help themselves. The student loan and the student scholarship program, by definition, go only to people who are trying to help themselves.

We have increased the maximum amount of the Pell grant and propose to do it some more and to have some smaller Pell grants, between \$400 to \$600 a year, to help people who maybe have a little money but don't have enough.

One of the big arguments that I'm in now with the Republican Congress is that both of us agree we should balance the budget, but I think it better to take a little longer, have a smaller tax cut, and increase our investment in education. So the difference between our two proposals is there would be 360,000 fewer people getting Pell grants under their proposal than mine, and the maximum grant would be considerably smaller, and the smaller grants would be cut out under their proposal.

Again, I would say that it seems to me that the main thing we ought to be doing today is try to help people who are willing to help themselves, trying to empower people to make the most of their own lives. And they say that's what they believe in, but it's just inconsistent. You do not have to cut education to balance the budget; you don't have to do it. And it's sort of cutting off our nose to spite our face. I mean, the whole argument for balancing the budget is that it's going to strengthen the economy. And you know, I mean, that's the argument for doing it, right? And if we do it right, it will. Obviously, if we don't keep borrowing money every year just to pay the same bills, it will lower interest rates and free up money for people to borrow money and start businesses or expand businesses and create jobs. But if the way to balance the budget is to make the

American people less well-educated, all it will do is to continue to drive wages down in this global economy where most people are working harder for less money anyway.

I consider this decision on education basically one of the three most important decisions that will be made in the Congress in the next 60 to 90 days over this budget. Is it worth it to balance the budget in the way they want to do it if to do it you have to cut education, if there is a better way to balance the budget? I think the answer is, no, take the better way. But that is the big—I mean, Duane just sort of laid it out, what the choices are for you, and you can multiply that by millions and you can see the future of America.

Who's going next?

Ms. Britton. We have some concern related to graduate students, and Mary wanted to speak to especially—

The President. Mary, I read about you. *[Laughter]*

[Mary Armstrong explained how important subsidized loans were to her education. She said that if they were reduced due to budget cuts, she would have a difficult time paying for her education because the profession she has chosen will not pay a very high salary. She then added that the student loan program was an investment in the future.]

The President. Good for you.

Ms. Britton. We have one last student that is prepared to give just an indication of their personal experience, Rick Collie.

[Mr. Collie explained how the Federal loan program had helped him to go to college and become a successful and productive citizen.]

The President. A great story. You know, Mary, one of the proposals on the student loan program has been to start charging students interest on the loan while they're in school and then to maybe—and also start charging them the so-called grace period, you know, the 6 months after school you can go look for a job and finally try to find placements.

If that happened and the direct loan program were abolished or made unavailable to huge numbers of students, the combined impact of that, on the average for graduate students, would be an increase in the debt of about \$9,300 without the option to pay it back as a percent of your income, which for graduate

students—which for graduate students in the nonprofessional areas would be a disaster—I mean, like the lawyers and the doctors and the accountants, you know, you might argue—well, even the accountants, a lot of them are not going to make much money in the beginning. But I mean, the—

Q. I couldn't do it.

The President. It's a serious problem. I really do believe if enough of your voices are heard between now and whenever we finally adopt this budget, which will probably be sometime in October or November, in that range—they're not going to do it by September 30th, which is the deadline and they won't make it this year—but I just think it's very important to get this story out there.

And Rick, I'll just use you as an example. When I ran for President, I was in my fifth term as Governor of my State; I was having a good time. A lot of my State looks like southern Illinois, which is probably why I did so well here when I ran. But I just realized that unless somebody did something to change the direction of the country, we were going to face—we had already faced by 1992 almost 20 years of stagnant wages for hourly wage earners. Now we have—since '73, the average male worker in America today, once you adjust for inflation, is making about 10 percent less than he did in 1973 working a slightly longer workweek.

Almost all of the economic gains have gone to those people like me in the upper 20 percent of the society. So my goal has been as President not only to create more jobs but to raise the incomes again, to give working families some sense of stability. It's the biggest economic problem in the country.

Most people who do what they do, like Mary said, most people do what they do knowing they're never going to be rich. That's not the point. The point is that people ought to know that if they work hard and are diligent that at least they'll do a little better year-in and year-out—not that you're going to get rich but that you'll be able to have a family and raise children and have a stable life. And so that's a very serious concern.

And if you look at the last 2 years of our administration—now, this wage thing has been going on for 20 years. So you just can't turn it around like that. So in the last 2½ years, we have—to show you how pervasive it is—

since the day I became President, we've got 7 million more jobs, 2½ million more homeowners, 1½ million more—actually, probably like 2 million more small businesses now—the most rapid growth of small business in American history. The stock market is at a record high. Corporate profits are high. Inflation is low. The combined rate of employment and inflation is at a 25-year low. But the median income, the person in the middle—not the average because the average gets jerked up by the people at the top—the median, the person in the middle has dropped one percent.

And why is that? There are only—there are two or three things we can do about it. The first thing we have to do is to try to change the mix of jobs in America, to try to get more higher wage jobs with a longer term future. But you can't do that overnight. The second thing we have to do is to raise the educational level of the American people because the people who are being just hammered out there in this country today are people who don't have at least 2 years of community college education. Basically people that have 2 years or more tend to do pretty well in this economy, tend to be able to hold their own and then sort of move forward. And it strengthens the American economy. That's what this issue is about.

So if we balance the budget—and I'm all for that. We've cut the deficit from \$290 billion a year to \$160 billion a year since I've been President. I think it's nuts just to run a permanent debt. But if we cut it by cutting education, then we will compound the most important economic problem we have which is that people are working harder for less. So what we need is more people like you, not fewer.

Mr. Collie. The student loan program allowed me to free up my distress and bills that were due and things I had to pay, and I could focus on my education. And I graduated with honors.

The President. Don't you believe, though, if we dramatically raised the cost of higher education that fewer people would go and more would drop out?

Students. Absolutely. Most definitely.

The President. We have evidence of that, by the way. I just was in California over Labor Day where—California had the worst recession of all the States in the last few years because they had the huge impact of the defense cuts because they had most of the defense industry

when we built it up. And there were other reasons as well.

And one of the decisions they made in California was when times got tough, they would cut education and raise the cost. And the California system of public education was generally believed to be the finest ever created by any society anywhere. They have 21 colleges in the State university system. And then I think they have another 9 or 10 in the University of California system.

And it used to be free, and—they had to put some fees on it. But they raised the cost so much in the last few years that enrollment is down 19 percent. Well, if you've got a high unemployment rate and stagnant incomes, the last thing you want to do is drive down college enrollment, right? You want to drive up college enrollment. So, I don't want our country to do that.

So, it's not just all of you, there are millions of people out there like you, millions. And the whole future of the country depends in part on—in other words, it doesn't matter what I do in terms of economic policy or how much I try to change the job mix in America unless the people in America have the education to do the jobs of the 21st century.

To me, this is self-evident. You cannot imagine how important this event is today. I'm telling you, this is one of the two or three most important decisions we're going to make in the next 60 to 90 days, and it will color the whole future that you will have.

Q. Mr. President, I was lucky enough to get in under this program. I have a son who is a junior in college who was lucky enough to get in. I have a son in Maine who has a five-year-old child who had a liver transplant at the age of 6 months. Rex wants desperately to go to school, but he doesn't fit into this program.

Ms. Britton. You talked about the higher cost of education. We might want to hear from our Knox College private—

The President. I'll look into that. Go ahead.

[A student explained that he was able to attend Knox College due to Federal money and a work-study program at the Knox College youth center.]

The President. That's good.

Q. And while I was working there, I learned the skills that enabled me to acquire a job with

the National Football League this summer in terms of enterprise computing.

The President. Really?

[The student said that he now had a full-time position with the NFL because of the experience he received through the work-study program. He also emphasized the importance of a graduate degree in the job market. Another student then explained the importance of loan programs to students from low-income families.]

Ms. Britton. And at the graduate level, Vanika is on the special fellowship—

[Vanika Mock spoke about the importance of a grace period for students who must repay a large amount in student loans after graduating from college.]

The President. You've got to have a job first.

[Ms. Mock explained that in order for her to pursue a career as a teacher, her loan would have to continue.]

The President. So you could pay it back as a percentage of your income?

[Ms. Mock said that was the only solution for people who wanted to work in a profession that they enjoy but which would not pay a lot of money.]

The President. And, of course, most of the jobs will be in service job growth, too.

Brian, were you going to say something?

[Brian Szuda commented on the importance of the grace period in loan repayment for people who were unable to find jobs immediately after graduation.]

Ms. Britton. I know Michelle's been trying to say something here.

The President. I'm sorry, Michelle.

[Michelle Birch explained how difficult it would be for her to attend college without help from Federal loans and subsidized day care for her son. She stated that in order to stay off of welfare she would need to continue receiving this assistance.]

The President. That's the argument we're having in Washington now over welfare reform.

Ms. Birch. I know.

The President. I told them that I would gladly support programs that would save money on spending and welfare reform and put limits on how long people could stay, if you would give

more for child care and if we keep the student aid programs. Because basically, welfare reform is about education and work and child care; it's not very complicated.

You know, I have spent since 1980, when most of you were real children, I have spent a lot of time with people on welfare. And I found that people with the deepest desire to change the system are people who have been on it.

I've almost never met anybody that didn't want to get off, and also who all have the best ideas. I'm glad to hear you say that. Good for you. I'm proud of you.

[Ms. Birch stated that she had a strong desire to succeed in life because she was raised by a family who instilled those values in her.]

Ms. Britton. We're running short of time, and I want to give Ramon and Allison an opportunity to say at least one thing.

The President. You guys are great.

[Ramon Blakley explained how Federal loans help students from low-income families.]

The President. That's why I'm with you.

Allison Crabtree. I guess I have a question more than anything. I was talking with one of your aides beforehand about the proposals by the new Congress to limit the growth of the direct lending program, and that's been so beneficial, I know, on my campus. It's so much more of an efficient program. And as I was talking to my Congressman this last weekend, he was informing me that what it does bottom-line is it takes more of the money that you put into the student loan programs at the Federal level into the hands of students as opposed to administrators, such as banks and private lending institutions.

The President. You got it.

Ms. Crabtree. So I was wondering how you felt about the possibility it will be capped off?

The President. I think it's a terrible idea. But capping is not as terrible as getting rid of it altogether, though. The House of Representatives wants to get rid of it altogether. I mean, not the Congressmen that are here, they all fought it, but the majority. This is not complicated. Banks used to make a lot of money doing this, and they want their money back. This is not a complicated thing.

They want—and, interestingly enough, they pulled an incredible gimmick. They basically

got—the new majority in the Congress got the people who run their budget office to pull an incredible gimmick. They said that in calculating the cost of the direct loan program, as compared with the cost of the old student loan program, the guaranteed loan program, we had to calculate the administrative costs of the direct loan program and put it in, but we couldn't count anything of the administrative costs that we paid for the guaranteed loan program to try to make the direct loan program look more expensive than the guaranteed program when everybody knows it's cheaper. It is bizarre. I mean, that's the kind of stuff that's going on up there.

And it's just classic—it's a special interest grab that overlooks the fact that the stories that all of you have told are good stories for America's future.

Let me just say one other thing. I will say this: A lot of these guaranteed loan providers have gotten quicker and cheaper and more responsive because of the competition. So what we wanted to do—I've never wanted to deprive a student or an institution of the right to use a guaranteed student loan provider. Because if we did that, the Government might get sort of fat and sassy, too, and unresponsive, if you see what I mean.

In other words, my goal always was to set up a competition where people could choose a direct loan program because of its obvious strengths, where the others would have to do more to try to compete, and where, if the direct loan program started to fail people down the road because they thought they had a monopoly, there were other options available as well.

That's what my goal is. My goal is to have 100 percent open option for the colleges and universities of the country. But the worst thing to do would really be terrible if it were abolished, and I think it would be a mistake to cap it.

Ms. Britton. That's probably a good note for us to end on. We'd like to have you for the rest of the afternoon; but there's a few thousand people out there who would also like to hear you.

The President. You know, I'll give a better speech because I was in here with you. I mean, really, you know. One of the problems we have in Washington is that people like you, the people who basically are out here making this country go are—normally tend to be so busy keeping body and soul together and doing what you want

that you're not organized. The people that are organized and can hire lobbyists and have influence up there, you're not them.

So that's one of the biggest problems in decisionmaking. And that's why I try to do everything I can to get out in the country and give people like you, by my presence here, a chance to have your voice heard up there because there's more of you than them. You're just not there. You're here. And I hope we can save this program.

Yes, Brian, what were you going to say?

[Mr. Szuda stated that many students were able to relax and concentrate on their classes because of the efficiency of the direct loan program.]

The President. Didn't you say you had a national defense loan?

Q. Yes.

The President. I did, too. And you're the first person in your family to go to college?

Q. No.

Q. I am. I'm the first in my family.

[A student showed the President an example of the application form for the direct loan program.]

The President. A one-pager.

Q. One page, that's it. That's it. The margin of error is extremely small.

Q. I've got that myself.

[Several students explained the less efficient application process for a Pell grant.]

The President. Let me just point out one other thing—

Q. It's just a long—a long period of time. You need a crystal ball just to find out where the problem is—[laughter]

The President. I'll tell you something else—

Q. It's just—

Q. Let the President talk. [Laughter]

The President. No, no. The loan default—another thing, because of this you need to know the loan default rate. If you look at it from the point of view of the taxpayers who want their money back—I mean, I paid my college loan back. I felt morally obligated to. And I think I feel like you, that one of the reasons I never resented the taxes I pay is that my country helped me get an education; I figured I ought to give it back so other people could get one.

But what I was going to say is, one thing the taxpayers need to know is that we have cut the loan default rate in half since I've been President—the loss to the taxpayer. And part of it is because the system is different. If you're running a bank, right, and you loan me 10 grand and you've got a 90 percent guarantee from the Government, and I don't pay you back, if you don't lift your finger to get \$9,000. If you hire a lawyer you've already spent more than \$1,000, right? So the whole thing—that's another thing—the whole system is organized to maximize default.

Our system is organized to make it easy for everybody and to be tough on getting the money back. I mean, it's very different.

Q. Here is another point. [Laughter]

The President. I'd better take her back to Washington with me. [Laughter]

[Several students described past problems with receiving loans.]

The President. This has been unbelievable. I don't want to leave you guys. You're great. Thank you.

Ms. Britton. We thank you very much for all you do for us.

The President. Thank you.

NOTE. The President spoke at 10:51 a.m. in Pulliam Hall.

Remarks to the Community in Carbondale September 11, 1995

Thank you, Jason. Thank you, Ted Sanders. I want to thank Senator Paul Simon and Senator Carol Moseley-Braun for being here and Representatives Jerry Costello, Glenn Poshard, and

Dick Durbin, the SIU Carbondale president, John Guyon, and I want to welcome all of the colleges and universities that are connected to us by satellite all around the country. Mayor